Top 100 Firms in Trust Income

Ranked by Size of Trust Department's 1985 Gross Operating Revenues

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Rank 1985		Total Trust Income 1985	Total Trust Income 1984	Rank 1984	Gain in Rank	Total Operating Income 1985	Trust Income As % of Total	1985 Market Value Of Trust Assets
1	J.P. Morgan & Co., Inc., New York (M)	307,300,000	248,800,000	1		6,574,800,000	4.7	322,954,832,000
2	Chase Manhattan Corp., New York (M)	193,334,000	154,056,000	2		9,733,236,000	2.0	N.A.
3	Bankers Trust New York Corp. (M)	178,046,000	153,417,000	3		4,698,988,000	3.8	576,297,600,000
4	Citicorp, New York (M)	176,000,000	152,863,000	5	+ 1	22,504,000,000	0.8	N.A.
5	Bank of New York Co., Inc. (M)	169,334,000	152,898,000	4		1,593,859,000	10.6	223,824,369,000
6	Manufacturers Hanover Corp., New York (M)	127,084,000	113,242,000	6		8,384,678,000	1.5	80,146,280,000
7	State Street Boston Corp. (M)	122,444,000	96,936,000	9	+ 2	546,041,000	22.4	N.A.
8	Northern Trust Corp., Chicago (M)	122,099,000	105,291,000	8		739,794,000	16.5	100,245,667,000
9	BankAmerica Corp., San Francisco (M)	111,921,000	109,697,000	7		13,879,560,000	0.8	50,497,615,000
10	Mellon Bank Corp., Pittsburgh (M)	104,767,000	95,763,000	10		3,222,034,000	3.3	132,012,000,000
11	U.S. Trust Corp., New York (O)	104,755,000	85,607,000	12	+ 1	285,553,000	36.7	137,961,506,000
12	First Interstate Bancorp., Los Angeles (M)	100,206,000	87,632,000	11		5,234,623,000	1.9	87,619,420,000
13	PNC Financial Corp., Pittsburgh (M)	96,379,000	78,603,000	13		1,790,174,000	5.4	49,038,205,000
14	First Chicago Corp. (O,a)	90,186,000c	77,421,000c	15	+ 1	4,370,310,000	2.1	103,721,899,000
15	Bank of Boston Corp. (M)	86,670,000	71,317,000	17	+ 2	3,435,838,000	2.5	34,389,088,474
16	Security Pacific Corp., Los Angeles (O)	84,500,000	67,530,000	18	+ 2	5,536,900,000	1.5	81,071,641,000
17	Chemical New York Corp. (M)	83,551,000	77,550,000	14		5,652,558,000	1.5	N.A.
18	Bank of New England Corp., Boston (M)	78,088,000	38,054,000	29r	+11	1,709,606,000	4.6	68,311,811,000
19	InterFirst Corp., Dallas (M)	72,000,000	56,800,000	21	+ 2	2,235,000,000	3.2	17,916,000,000
20	First Bank System, Minneapolis (M)	65,000,000	55,840,000	22	+ 2	2,509,800,000	2.6	33,058,601,000
21	Harris Bankcorp., Inc., Chicago (M)	64,630,000	60,913,000	20		915,346,000	7.1	45,833,788,000
22	Continental Illinois Corp., Chicago (M)	62,652,000	64,000,000	19		2,880,254,000	2.2	24,179,527,000
23	SunTrust Banks, Inc., Atlanta (M)	62,206,000	.....	...		1,818,740,000	3.4	27,975,173,000
24	Wells Fargo & Co., San Francisco (O)	55,132,000	51,159,000	23		3,412,600,000	1.6	38,397,300,000
25	Irving Bank Corp., New York (M)	55,014,000	44,667,000	27	+ 2	2,028,382,000	2.7	N.A.
26	First Wachovia Corp., Winston-Salem, N.C. (M)	53,077,000	.....	...		1,770,405,000	3.0	38,175,992,000
27	RepublicBank Corp., Dallas (M)	50,669,000	45,807,000	25		2,103,678,000	2.4	36,618,921,000
28	Norwest Corp., Minneapolis (M)	50,600,000	45,500,000	26		2,545,100,000	2.0	37,245,058,000
29	Boston Safe Deposit & Trust Co. (B)	49,556,000	N.A.	...		359,388,000	13.8	51,996,214,000
30	MCorp, Dallas (M,b)	46,000,000	27,200,000	45	+15	2,205,000,000	2.1	10,467,939,000
31	National City Corp., Cleveland (M)	45,767,000	32,983,000	33	+ 2	1,295,313,000	3.5	22,141,246,000
32	Crocker National Corp., San Francisco (O)	45,130,000	49,973,000	24		N.A.	....	N.A.
33	AmeriTrust Corp., Cleveland (O)	43,505,000	39,168,000	28		708,788,000	6.1	26,255,108,000
34	NCNB Corp., Charlotte, N.C. (M)	41,780,000	31,933,000	35	+ 1	2,023,231,000	2.1	N.A.
35	NBD Bancorp., Inc., Detroit (M)	39,207,000	33,639,000	31		1,515,213,000	2.6	39,162,091,000
36	Texas Commerce Bancshares Inc., Houston (M)	37,000,000	33,000,000	32		1,935,000,000	1.9	30,740,000,000
37	Marine Midland Banks, Inc., Buffalo, N.Y. (O)	36,730,000	29,578,000	39	+ 2	2,495,404,000	1.5	23,195,012,000
38	Hartford National Corp., Conn. (O)	36,200,000	32,534,000	34		790,502,000	4.6	11,828,073,000
39	Capital Guardian Trust Co., Los Angeles (T)	35,589,000	30,189,293	37		35,589,000	100.0	15,281,710,000
40	Shawmut Corp., Boston (M)	34,754,000	27,841,000	42	+ 2	721,344,000	4.8	15,274,715,000
41	First City Bancorp. of Texas, Inc., Houston (M)	34,751,000	30,721,000	36		1,783,949,000	1.9	N.A.
42	Citizens & Southern Georgia Corp., Atlanta (M)	33,969,000	16,832,000	63	+21	1,376,264,000	2.5	14,484,609,000
43	Centerre Bancorp., St. Louis, Mo. (M)	33,042,000	30,053,000	38		512,438,000	6.4	14,406,001,000
44	Fiduciary Trust Co., New York (B)	32,156,669	29,423,149	40		42,613,549	75.5	29,701,087,000
45	Wilmington Trust Co., Del. (B)	30,904,000	25,734,000	46		227,433,000	13.6	64,237,699,000
46	First Wisconsin Corp., Milwaukee (M)	29,742,000	24,601,000	48	+ 2	605,986,000	4.9	16,606,448,000
47	Comerica Inc., Detroit (M)	29,626,000	27,662,000	43		1,021,686,000	2.9	9,429,899,000
48	First Union Corp., Charlotte, N.C. (O)	29,603,000	13,124,000	74	+26	1,688,497,000	1.8	9,270,780,000
49	First Pennsylvania Corp., Philadelphia (O)	27,639,000	27,295,000	44		566,518,000	4.9	31,727,563,000
50	Bank of California NA, San Francisco (B)	27,325,000	25,083,000	47		348,731,000	7.8	33,711,796,000
51	Marshall & Ilsley Corp., Milwaukee (M)	27,167,000	18,836,000	60	+ 9	550,676,000	4.9	7,178,047,000
52	Sovran Financial Corp., Norfolk, Va. (O)	26,765,000	24,332,000	49		1,037,447,000	2.6	15,411,768,000
53	First Fidelity Bancorporation, Newark, N.J. (M)	25,691,000	23,116,000	50		1,056,309,000	2.4	32,486,382,000
54	Society Corp., Cleveland (M)	24,443,000	10,207,000	96	+42	789,183,000	3.1	N.A.
55	United Virginia Bankshares, Inc., Richmond (O)	23,894,000	19,981,000	56	+ 1	723,949,000	3.3	11,824,129,000
56	Norstar Bancorp, Albany, N.Y.(M)	23,639,000	.....	...		881,987,000	2.7	4,707,122,000
57	Mercantile Bancorp., Inc., St. Louis, Mo. (M)	23,348,000	20,220,000	55		647,520,000	3.6	15,339,910,000
58	Mercantile Bankshares Corp., Baltimore (M)	22,711,000	19,939,000	57		282,617,000	8.0	15,167,218,000
59	Manufacturers National Corp., Detroit (M)	22,491,000	19,729,000	58		636,318,000	3.5	25,784,428,000
60	Banc One Corp., Columbus, Ohio (M)	21,471,000	21,480,000	52		1,192,169,000	1.8	8,445,673,000
61	Fidelcor, Inc., Philadelphia (M)	21,022,000	21,013,000	54		652,875,000	3.2	5,350,229,746
62	CoreStates Financial Corp., Philadelphia (M)	20,517,000	17,256,000	61		1,042,364,000	2.0	29,359,000,000
63	Boatmen's Bancshares Inc., St. Louis, Mo. (M)	20,509,200	10,675,000	94	+31	614,949,000	3.3	14,223,289,000
64	Bessemer Trust Co. NA, New York (T)	20,256,748	16,460,663	64		20,256,748	100.0	2,281,929,000
65	American National Corp., Chicago (M,a)	20,189,000	17,061,000	62		374,994,000	5.4	N.A.
66	Fleet Financial Group, Inc., Providence, R.I. (O)	19,388,000	8,965,000	107	+41	1,011,243,000	1.9	6,437,453,000
67	Barnett Banks of Florida, Jacksonville (M)	19,010,000	14,964,000	65		1,573,655,000	1.2	7,882,054,000
68	Midlantic Banks Inc., Edison, N.J. (M)	18,016,000	13,059,000	75	+ 7	889,099,000	2.0	8,461,226,000
69	United Banks of Colorado, Denver (M)	17,934,000	12,845,000	78	+ 9	491,190,000	3.7	N.A.
70	AmSouth Bancorp., Birmingham, Ala. (M)	17,604,000	14,450,000	67		462,793,000	3.8	12,734,535,000
71	Texas American Bancshares Inc., Fort Worth (M)	16,757,000	14,566,000	66		660,446,000	2.5	5,628,341,000
72	Valley National Corp., Phoenix, Ariz. (O)	16,220,000	13,500,000	69		1,022,332,000	1.6	7,098,451,000
73	Trust Services of America, Inc., Los Angeles (T)	15,865,000	13,145,000	73		17,219,000	92.1	N.A.
74	U.S. Bancorp., Portland, Ore. (M)	15,186,000	12,952,000	77	+ 3	816,787,000	1.9	3,561,376,000
75	Southeast Banking Corp., Miami (M)	15,174,000	13,414,000	70		1,144,256,000	1.3	4,260,000,000
76	First Kentucky National Corp., Louisville (M)	15,032,000	11,183,000	90	+14	430,204,000	3.5	6,822,420,000
77	Trust Company of the West, Los Angeles (T)	15,000,000	10,000,000	98	+21	N.A.	....	N.A.
78	Third National Corp., Nashville (M)	14,912,000	13,002,000	76		516,470,000	2.9	5,049,718,000
79	Rainier Bancorp., Seattle (M)	14,787,000	12,505,000	80	+ 1	817,959,000	1.8	7,565,978,000
80	Indiana National Corp., Indianapolis (O)	14,712,000	11,767,000	85	+ 5	409,824,000	3.6	17,147,355,000
81	American Security Corp., Washington, D.C.(O)	14,663,000	13,200,000	72		375,551,000	3.9	8,665,114,000
82	United Missouri Bancshares Inc., Kansas City (M)	14,186,000	13,276,000	71		261,243,000	5.4	25,451,563,000
83	Fifth Third Bancorp., Cincinnati (M)	14,059,000	11,484,000	86	+ 3	295,982,000	4.7	4,762,804,000
84	Marine Trust Co., NA, Milwaukee, Wis. (T)	14,037,660	12,213,450	81		14,847,798	94.5	3,534,788,000
85	Union Bancorp, Los Angeles (O)	14,033,000	13,516,000	68		764,925,000	1.8	4,591,727,000
86	Huntington Bancshares Inc., Columbus, Ohio (M)	14,020,000	12,517,000	79		664,964,000	2.1	6,385,504,000
87	Florida National Banks of Fla., Jacksonville (M)	13,871,000	11,800,000	84		682,291,000	2.0	3,500,000,000
88	Hawaiian Trust Co., Ltd., Honolulu (T)	13,807,000	11,928,713	82		14,913,000	92.6	3,155,670,000
89	Central Bancorp, Inc., Cincinnati (M)	13,190,000	11,226,000	89		391,220,000	3.4	5,243,651,000
90	La Salle National Corp., Chicago (O)	13,100,000	11,315,000	88		142,865,000	9.2	2,788,609,000
91	First National Cincinnati Corp. (M)	13,064,000	11,460,000	87		314,972,000	4.1	6,182,435,525
92	KeyCorp, Albany, N.Y. (M)	12,839,000	9,663,000	101	+ 9	706,536,000	1.8	4,898,000,000
93	Old Kent Financial Corp., Grand Rapids, Mich. (M)	12,646,000	10,407,000	95	+ 2	438,021,000	2.9	2,999,311,000
94	California First Bank, San Francisco (B)	12,640,000	10,070,000	97	+ 3	550,214,000	2.3	2,800,000,000
95	South Carolina National Corp., Columbia (O)	12,284,000	9,869,000	99	+ 4	441,113,000	2.8	2,969,811,000
96	American Fletcher Corp, Indianapolis (O)	12,188,000	10,685,000	93		376,498,000	3.2	11,754,032,200
97	Meridian Bancorp., Reading, Pa. (M)	11,290,000	8,883,000	111	+14	657,784,000	1.7	4,259,751,000
98	Cullen/Frost Bankers Inc., San Antonio (M)	10,768,000	9,669,000	100	+ 2	351,733,000	3.1	3,949,290,085
99	Riggs National Corp., Washington, D.C. (O)	10,652,000	10,701,000	92		572,550,000	1.9	14,014,000,000
100	Maryland National Corp., Baltimore (M)	10,566,000	8,895,000	109	+ 9	879,029,000	1.2	6,581,030,000
	TOTALS FOR THE TOP 100 FIRMS★	**4,555,045,277**	**3,862,886,628**	**+17.9%**				

Based on American Banker's survey of the top 200 trust institutions in the nation. **Gross operating income** of the trust department excludes all non-operating credits. **Market value of all trust assets** includes discretionary assets, nondiscretionary assets, corporate trust accounts, and accounts of a strictly custodial nature. An "N.A. ", or not available is shown for those firms reporting discretionary assets only. A footnote appears after the name of the institution to describe its type. Type of institution: **(B)** — Commercial bank; **(M)** — Multibank holding company; **(T)** — Nondeposit trust; **(O)** — One-bank holding company.

(a) — American National Corp., Chicago, is a subsidiary of First Chicago Corp. Both the 1985 and 1984 trust income figures for First Chicago are consolidated to include American National Corp., Chicago. **(b)** — The 1984 data were for MBank Dallas NA, the lead bank of MCorp. The 1984 asset data for MCorp were not available. **(c)**— Consolidated to include American National Corp. **(r)** — Based on revised data. **(★)**— To avoid double counting, American National Corp.'s income is excluded from the 1984 and 1985 totals.

Top 100 Firms in Discretionary Trust Assets

Listed Geographically; Within State Listed by Discretionary Trust Assets on Dec. 31, 1985

(Dollar Amounts in Millions)

Compiled by American Banker Copyright 1986

Rank		Trust Assets
	ALABAMA	
53	AmSouth Bancorp., Birmingham	4,204
	ARIZONA	
91	Valley National Corp., Phoenix	1,966
	CALIFORNIA	
6	Wells Fargo & Co., San Francisco	29,258
15	First Interstate Bancorp., Los Angeles	13,752
18	Capital Guardian Trust Co., Los Angeles	11,398
19	BankAmerica Corp., San Francisco	11,114
24	Security Pacific Corp., Los Angeles	10,180
43	Crocker National Corp., San Francisco	5,855
72	Trust Services of America, Inc., Los Angeles	2,825
83	Bank of California, San Francisco	2,422
	COLORADO	
66	United Banks of Colorado, Denver	3,500
	CONNECTICUT	
46	Hartford National Corp., Conn.	5,108
	DELAWARE	
13	Wilmington Trust Co.	15,262
	DISTRICT OF COLUMBIA	
50	American Security Corp.	4,521
87	Riggs National Corp.	2,050
	FLORIDA	
74	Barnett Banks of Florida, Jacksonville	2,761
	GEORGIA	
25	SunTrust Banks, Inc., Atlanta	10,127
57	Citizens & Southern Georgia Corp., Atlanta	4,142
	HAWAII	
78	Hawaiian Trust Co., Ltd., Honolulu	2,651
	ILLINOIS	
9	Northern Trust Corp., Chicago	22,938
10	First Chicago Corp.	20,411
14	Harris Bankcorp., Inc., Chicago	14,196
20	Continental Illinois Corp., Chicago	10,949
27	American National Corp., Chicago	9,116
	INDIANA	
48	American Fletcher Corp, Indianapolis	4,937
54	Indiana National Corp., Indianapolis	4,189
94	Merchants National Corp., Indianapolis	1,932
	KENTUCKY	
59	First Kentucky National Corp., Louisville	4,055
	LOUISIANA	
70	Hibernia Corp., New Orleans	2,849
	MARYLAND	
51	Mercantile Bankshares Corp., Baltimore	4,481
	MASSACHUSETTS	
12	State Street Boston Corp.	15,500
21	Bank of New England Corp., Boston	10,897
35	Bank of Boston Corp.	7,968
67	Shawmut Corp., Boston	3,078
75	Boston Safe Deposit & Trust Co	2,707
	MICHIGAN	
34	NBD Bancorp., Inc., Detroit	8,414
36	Manufacturers National Corp., Detroit	7,748
45	Comerica Inc., Detroit	5,347
79	Old Kent Financial Corp., Grand Rapids	2,599
97	First of America Bank Corp., Kalamazoo	1,803
	MINNESOTA	
23	First Bank System, Minneapolis	10,397
40	Norwest Corp., Minneapolis	6,596
	MISSOURI	
30	Boatmen's Bancshares Inc., St. Louis	8,802
33	Centerre Bancorp., St. Louis	8,418
44	Mercantile Bancorp., Inc., St. Louis	5,628
71	United Missouri Bancshares Inc., Kansas City	2,832
100	Commerce Bancshares Inc., Kansas City	1,774

Rank		Trust Assets
	NEBRASKA	
93	Firstier Inc., Omaha	1,937
	NEW JERSEY	
52	First Fidelity Bancorporation, Newark	4,294
65	Midlantic Banks Inc., Edison	3,634
85	Horizon Bancorp., Morristown	2,235
	NEW YORK	
1	Citicorp, New York	50,057
2	J.P. Morgan & Co., Inc., New York	48,574
3	Bankers Trust New York Corp.	45,489
4	Manufacturers Hanover Corp., New York	31,754
7	Chase Manhattan Corp., New York	27,832
11	Chemical New York Corp.	16,298
16	U.S. Trust Corp., New York	11,677
17	Fiduciary Trust Co., New York	11,669
26	Bank of New York Co., Inc.	9,218
29	Irving Bank Corp., New York	8,953
56	Marine Midland Banks, Inc., Buffalo, N.Y.	4,149
82	Norstar Bancorp, Albany, N.Y.	2,484
90	Bessemer Trust Co. NA, New York	1,966
	NORTH CAROLINA	
38	First Wachovia Corp., Winston-Salem	7,199
41	NCNB Corp., Charlotte	6,081
61	First Union Corp., Charlotte,	3,970
	OHIO	
22	AmeriTrust Corp., Cleveland	10,456
31	National City Corp., Cleveland	8,537
63	Society Corp., Cleveland	3,841
69	Banc One Corp., Columbus	2,895
76	Central Bancorp, Inc., Cincinnati	2,697
77	Fifth Third Bancorp., Cincinnati	2,678
86	Toledo Trustcorp Inc.	2,105
88	First National Cincinnati Corp.	2,043
	OKLAHOMA	
73	BancOklahoma Corp., Tulsa	2,795
98	First Oklahoma Bancorp., Inc., Oklahoma City	1,803
	OREGON	
99	U.S. Bancorp., Portland	1,781
	PENNSYLVANIA	
5	PNC Financial Corp., Pittsburgh	30,426
8	Mellon Bank Corp., Pittsburgh	27,413
39	First Pennsylvania Corp., Philadelphia	7,069
42	CoreStates Financial Corp., Philadelphia	5,980
60	Fidelcor, Inc., Philadelphia	3,985
84	Union National Corp., Pittsburgh	2,370
89	Glenmede Trust Co., Philadelphia	1,981
	RHODE ISLAND	
58	Fleet Financial Group, Inc., Providence	4,072
	TENNESSEE	
80	Third National Corp., Nashville	2,574
95	First Tennessee National Corp., Memphis	1,931
	TEXAS	
28	InterFirst Corp., Dallas	9,008
32	Texas Commerce Bancshares Inc., Houston	8,468
37	RepublicBank Corp., Dallas	7,466
49	MCorp, Dallas	4,643
64	First City Bancorporation of Texas, Inc., Houston	3,7201
68	Texas American Bancshares Inc., Fort Worth	3,071
	VIRGINIA	
55	United Virginia Bankshares, Inc., Richmond	4,152
62	Sovran Financial Corp., Norfolk, Va.	3,913
	WASHINGTON	
96	Rainier Bancorp., Seattle	1,828
	WISCONSIN	
47	First Wisconsin Corp., Milwaukee	5,052
81	Marshall & Ilsley Corp., Milwaukee	2,552
92	Marine Trust Co., NA, Milwaukee	1,949

Citicorp Tops Morgan in Managed Trust Assets

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place in 1983 to third place in 1984, remained in third place last year with $45.5 billion in managed trust assets, up 23.2% from its 1984 total of $36.9 billion.

These are some of the findings of the *American Banker*'s 18th annual survey of the top 100 banks and trust companies in discretionary assets and gross trust income, published today.

Record Rise in Discretionary Assets

Discretionary assets rose a record 23.8% at the top 100 firms last year, to $829.3 billion on Dec. 31 from $670.1 billion a year earlier. The previous record gain was 17.2% in 1982. In 1984, trust assets were up 6.8%.

The main reason for the record increase was the sharp rise in stock and bond prices last year. A rise in securities' prices is reflected in a higher value of discretionary assets.

From December 1984 to December 1985, stock prices, as measured by the Standard & Poor's Corp. 500 index, rose 26%, and bond prices, as measured by the Shearson Lehman Brothers Inc. Long Treasury Bond Index, rose 18.6%.

Among the top 25 banks in the field, sixth ranked Wells Fargo & Co., San Francisco, had the largest increase in discretionary assets. Its assets rose 97%, to $29.26 billion in 1985 from $14.84 billion a year earlier, when it ranked 10th.

According to a Wells Fargo spokesman, about 50% of the increase was attributable to new business generated by Wells Fargo Investment Advisers, a bank subsidiary. The subsidiary has been very successful in attracting new institutional investors to its indexed funds, which emulate the performance of respected stock indexes, such as the S&P 500. The indexed funds help reduce transaction costs to the institutional investor, because the fund is traded, rather than the individual stocks within the fund.

Gross trust income for the top 100 banks and trust companies in the field also rose a record 17.9% last year. The previous record gain was 16.5% in 1980. In 1984, gross trust income was up 15.8%.

The main reason for the record increase last year was the rise in securities prices. In 1984, higher prices for trust services were a major reason for the sharp rise in trust income, compared with the relatively smaller growth in discretionary assets. Trust revenues are dependent on the value of assets under management and a variety of fee-based products, such as securities lending, stock-transfer work, and custodial work.

Morgan No. 1 in Gross Trust Income

For the 18th consecutive year, or since the *American Banker* began keeping track of gross trust income, Morgan was the top firm in the field. Its gross trust income totaled $307.3 million in 1985, up 23.5% from $248.8 million in 1984.

Chase Manhattan Corp. again was second, with $193.3 million, up 25.5% from $154.1 million in 1984, and Bankers Trust remained in third place, with $178 million, up 16.1% from the year before.

Citicorp moved into fourth place, with $176 million in gross trust income last year, up 15.1% from $152.9 million in 1984, when it ranked fifth.

Cates Consulting Analysts Inc., New York, in its annual survey of trust departments, called Trustcompare, found that pricing of trust services was basically unchanged from 1984. In addition, the survey found that overall trust profitability — as measured by pretax net income — was unchanged in 1985, after rising steadily for several years.

The Cates survey also measured the importance of trust operations to the profitability of banks. For the universe of 156 banks participating in the Cates survey, trust operations contributed 5 basis points to these banks' mean return on average assets of 0.87%. For banks with gross trust revenues greater than $25 million last year, trust operations contributed 8 basis points to their mean return on equity of 0.87%. And for banks with gross trust revenues of $15 million to $25 million, trust operations also contributed 8 basis points to their mean return on equity of 0.75%.

Another important finding of the Cates study was that the growth in institutional products was double that of personal trust products last year. Among the institutional products, corporate bond trusteeships and nonmanaged employee benefit accounts showed especially strong growth.

In a corporate bond trusteeship, the bank acts as trustee for bond issues. The bank provides record keeping, interest disbursement, and has some fiduciary responsibilities. There was substantial growth in the issuance of corporate bonds last year because of the lower interest rate environment. In nonmanaged employee benefit accounts — which include master trusts, pension plan accounts, and profit-sharing accounts — the bank provides record-keeping services. ■

Dear Reader, How Are We Doing?

The American Banker wants very much to make sure its coverage of the financial services industry meets your information needs. So would you spend a moment to give us some feedback on the survey of the **Top 100 Trust Firms** that appears in today's edition? Over the past year we have incorporated many of your suggestions to provide more meaningful information. Please return this questionnaire to L. Michael Cacace, Statistical Chief, American Banker, One State Street Plaza, New York, N.Y. 10004. Telephone 212-943-4836.

1. How would you **change** the tabulation to make it more useful? What would you add?

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Name (optional)_____

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Company_____

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Chief Shareholder May Join First Tennessee Board

Special to the American Banker

MEMPHIS — First Tennessee National Corp. chairman Ronald A. Terry has left open the possibility that real estate developer Avron Fogelman, the largest shareholder in the Memphis-based bank holding company, may join its board of directors.

Earlier this month, Mr. Fogelman filed documents with the Securities and Exchange Commission saying that he owned more than 5% of the stock of First Tennessee. In an interview, he said he owned about 745,000 shares, accumulated over several years for investment purposes.

"Mr. Fogelman and I have discussed his potential membership on the First Tennessee board several times over the years," said Mr. Terry in a telephone interview, "and I'd be happy to propose him to the board at any time he had the time to serve."

After Mr. Fogelman made his stock position public, he said it was not his objective to obtain a seat on the board.

The men have not discussed or considered electing a representative of Mr. Fogelman other than himself to the board, Mr. Terry said.

If Mr. Fogelman were to get a board seat, the action would have to come next April at the company's annual meeting, when directors normally are elected, Mr. Terry added.

Mr. Fogelman is a co-owner of the Kansas City Royals baseball team. Through Fogelman Properties, he builds, owns, and manages apartment complexes in the South, Southwest, and Midwest. ■

Lloyds . . .

➳ Continued from Page 44

equivalent of about $1.96 billion, about 12% more than the first offer, giving Standard Chartered a valuation of about $1.75 billion.

Lloyds Bank has so far earned about 75% of its profits in the United Kingdom, while Standard Chartered's earnings come mainly from its international operations. These include a 39% holding in Standard Bank Investment Corp., or Stanbic, South Africa's second biggest commercial bank, which contributed about 13% to Standard Chartered group earnings in 1985. However, Lloyds said South African investors expressed an interest in acquiring full ownership of Stanbic, in which Lloyds said it would wish to sell its holdings. ■

Firstbank of Illinois To Buy Six More Banks

Special to the American Banker

ST. LOUIS — Firstbank of Illinois Co. has announced the acquisition of six banks located in southern Illinois towns that will put it near the $1 billion mark in assets.

Firstbank, based in Springfield, Ill., said it was paying $37.9 million — $27 million in cash and the rest in stock — for controlling interest in the United Illinois banks of Collinsville, Troy, New Athens, Benton, Cobden, and Dahlgren.

The banks are in six one-bank holding companies controlled by three St. Louis lawyers: Robert L. Sweney, John J. Goebel, and William M. Van Cleve. Other principal owners are Richard E. Zemenick, the group's chief executive, and James P. Sweney, chairman of the Collinsville bank.

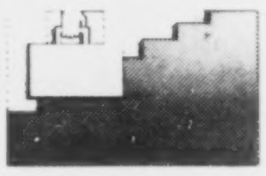
Mr. Van Cleve said the purchase price was 1.8 times the group's Dec. 31 book value. The investor group acquired the banks between 1969 and 1980, he said.

United Illinois Banks had combined assets of $275 million on Dec. 31, and they earned $3.4 million last year. Firstbank's assets are $556 million, and it earned $4.06 million last year.

Firstbank owns two banks in Springfield and one in Taylorville, Ill., along with a mortgage company and a life insurance company. It agreed in March to acquire Elliott State Bank of Jacksonville, which has assets of $160 million.

John E. Brubaker, president of Firstbank, said the company was positioned "for substantial internal growth, as well as further acquisitions."

Dean Countryman, a vice president, said First Bank was "having conversations" with banks in other parts of Illinois but had no immediate plans for interstate acquisitions. ■



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TODAY

news monday

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AN AMERICAN BANKER SPECIAL REPORT

Citibank Tops Bankers Trust as No. 1 in Mergers

Three Commercial Banks Exceed $1 Billion in Deals

By ANDREW ALBERT

First of a Series

NEW YORK — Citibank nipped Bankers Trust Co. and emerged the No. 1 commercial bank adviser in mergers and acquisitions last year, according to the *American Banker's* first investment banking survey.

Tiptoeing into the red-hot mergers and acquisition business, three of the nation's 10 largest banks — Citibank, Bankers Trust Co., and Manufacturers Hanover Trust Co. — said they advised companies in deals worth more than $1 billion in 1985. Only Bank of America showed a significant decline in its merger business.

For the first time, the nation's largest banks disclosed the precise value (by purchase price) and number of merger and acquisition deals they handled as financial advisers. The new information confirms that, by and large, commercial banks are strengthening their commitment to the merger business, but they remain woefully behind the merger and acquisition units of the big-name investment banks.

Their figures include only 1985 advisory assignments that resulted in completed mergers, acquisitions (both friendly and hostile), and divestitures. The tally excludes any merger and acquisition deal in which the banks acted as a principal and their own adviser. Also excluded are leveraged buyouts in which the banks helped finance the deal but were not the primary advisers.

Through questionnaires and follow-up telephone calls, the *American Banker* polled the 10 largest U.S. banks. Of those institutions, seven disclosed their merger and acquisition figures. Security Pacific National Bank said it did not

Mergers: Page 19 ➳

Citibank Merger Unit's Mr. Outside Page 21

WHERE THE LARGEST BANKS STAND IN MERGER & ACQUISITION ADVICE

1985 Rank	Bank	Value of Completed Deals in 1985*	Number of Completed Deals in 1985	Value of Completed Deals in 1984*	Number of Completed Deals in 1984
	(Dollar Amounts in Billions)				
1	Citibank	$1.50	26	$0.40	19
2	Bankers Trust	$1.30	17	$0.30	10
3	Manufacturers	$1.05	29	N/A	N/A
4	Chase Manhattan	$0.75	9	$0.50	7
5	Bank of America	$0.70	18	$1.50	32
6	First Chicago	$0.64	16	$0.30	9
7	Wells Fargo	$0.00	0	$0.00	0

* Based on purchase price of completed deals
N/A Bank declined to provide figures. Of the 10 largest U.S. banks (in terms of deposits), Chemical Bank and Morgan Guaranty declined to participate in this survey. Security Pacific does not offer M&A advice.
Source: American Banker Survey

New Breed of Commercial Banker Taking First Steps on Wall Street

NEW YORK — The nation's biggest banks are at an awkward stage.

Once handsomely rewarded for carrying loans to corporate America on their balance sheets, large commercial banks have spent the first half of the 1980s discovering that life isn't that simple anymore. One by one, giant U.S. lenders are deemphasizing corporate loans and instead trying to collect hefty fees for escorting commercial borrowers into foreign and domestic securities markets.

What's evolving is a new breed of U.S. financial institution — one that is still willing to dole out its own funds at attractive yields but is just as eager to act as middleman between borrower and investor. Some have renamed themselves investment banks, hoping to assume the slick deal-making image of their seasoned Wall Street counter-

THE NEW INVESTMENT BANKERS

parts. Others prefer to be called merchant banks, a label used to describe old-line London houses that finance trade with a combination of lending and

New Breed: Page 20 ➳

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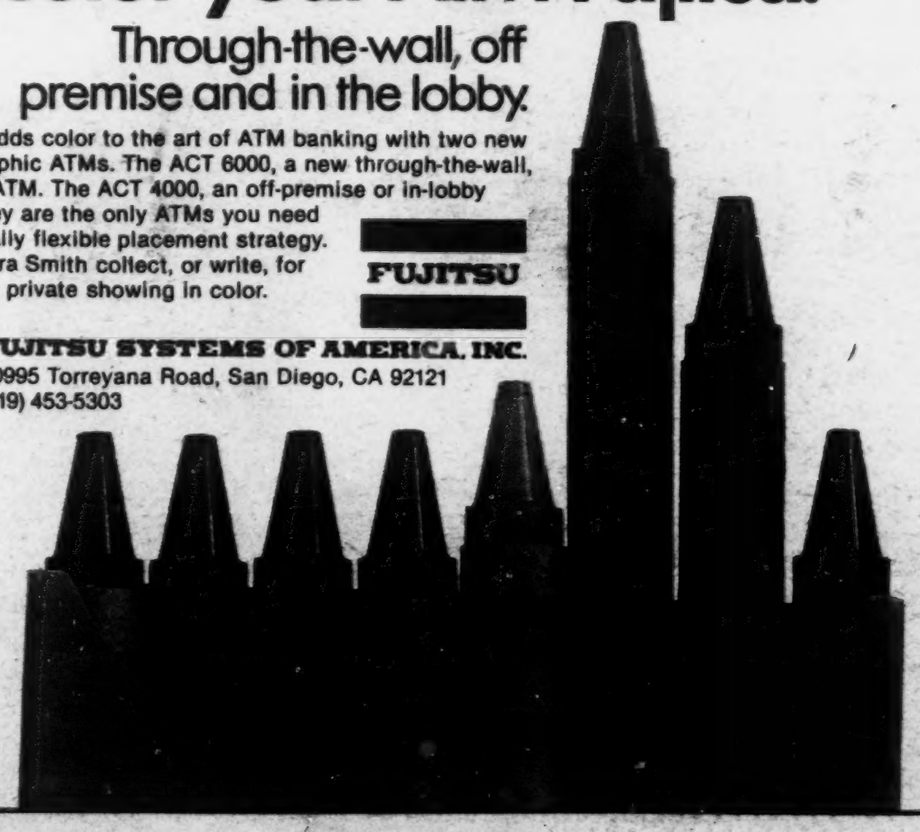

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Reporters' Notes

Not So Offshore

Confidentiality laws should be "no shield" for outlaws who might be tempted to hide money in the Cayman Islands, declared G. Peter Lloyd, Britain's governor for the Caribbean offshore banking center. With that declaration, he signed a treaty with the U.S. State Department envoy Ronald I. Spiers to exchange information on insider trading. The treaty extends another signed in 1984 to combat money laundering.

Justice Department attorneys are pleased with the progress. "The 1984 treaty has been useful in money laundering investigations," said Tom Snow, of the criminal division's office of international affairs.

The Cayman Islands, still a British colony, has a population of 17,035 citizens, 450 banks, and 274 insurance firms.

Ex-Im's Debate

The Export-Import Bank, which helps American businesses sell goods abroad by subsidizing or guaranteeing

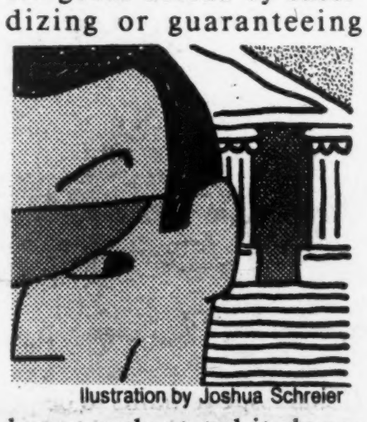


Illustration by Joshua Schreier

loans, understated its losses for the past two years by as much as $1.9 billion, according to the General Accounting Office.

The "congressional watchdog" agency, reviving an old bone of contention, said in an audit report issued last week that the bank's $17.7 billion in assets includes $4.9 billion of problem loans for which no reserves have been set aside.

"We disagree with them," responded James K. Hess, the Ex-Im Bank's treasurer-controller. The agency does not maintain a loan-loss reserve, he said, but instead writes down or charges off loans as soon as the bank decides they are a problem.

The GAO report, he added, concluded that the international debt crisis would affect the bank's loans in a number of countries, but declined to specify which countries would be likely to default.

"We feel that all of them will repay," he said.

Briefly ● ● ●

Ranked by number of lawyers, the four largest Washington law firms are Covington & Burling (225), Arnold & Porter (198), Hogan & Hartson (195), and Steptoe & Johnson (176). ● ● ● Three credit unions representing $102 million in shares have joined the National Credit Union Share Insurance Fund.

— Bartlett Naylor and Robert M. Garsson

Financial Services' PACs Swell In Size and Number

Influence, Access Bought as Elections Near

By BARTLETT NAYLOR

In June, the American Bankers Association's political action committee, known as BankPac, gave $5,000, or the maximum allowed under campaign laws, to Rep. Dan Rostenkowski, D-Ill.

This is the same Mr. Rostenkowski who this week will attempt to engineer a massive tax increase for the banking industry.

"It's tribute money," says J. Denis O'Toole, one of the ABA's top lobbyists. Mr. Rostenkowski is slated to chair the Senate-House tax conference, which will rewrite the U.S. tax laws.

Welcome to the expensive world of political contributions.

In 1985 — not an election year — members of the Senate Banking Committee took in a collective $2.3 million. Members of the House Banking Committee raked in about $2 million.

For the 1984 campaign, PACs unloaded $28.6 million on Senate candidates, 27% more than in the 1982 campaign, according to Common Cause, a group that encourages honest politics. To elect the 435-member House, PACs donated $60.4 million in the 1984 race, nearly 50% more than in the previous race.

Not surprisingly, there are many financial PACs, and they trail only energy firms as the leading corporate PAC givers. Among them are 265 bank PACs. Most of these are organized by single institutions, such as the National Bank of Detroit's "good citizen committee." The largest is BankPac. It raises and spends about $1 million a year.

Collectively, the 165 bank PACs donated an average of $27,000 to each member of the House Banking Committee in 1984, or $1.3 million.

The number of PACs has grown steadily. In 1974, there were 608 PACs, and contributions to federal candidates totaled $12.5 million. By July 1985, there were 4,000 registered PACs, and they gave $112.6 million to federal candidates in the 1983-84 election cycle.

"The rumor is that you can make a lot of money on the banking committee," says Rep. James Cooper, D-Tenn., who is a member.

However, banking committee members do not dominate the list of top PAC recipients in Congress.

In the Senate, banking committee member Sen. Philip Gramm, R-Tex., topped the list of all PAC beneficiaries, with $1.3 million in 1984.

In the House, the fattest PAC funds for banking committee members are being amassed by two Democrats: Rep. Carroll Hubbard Jr., D-Ky., who has taken in $160,000 through the first quarter of 1986, almost more than in the entire election cycle in 1984; and Rep. Paul Kanjorski, D-Penn., who has socked away $134,000 in the early going of the 1986 race to fend off a bid by a youthful Reagan ally named Marc Holtzman.

Congress' banking committees are by no means the only major targets of the financial industry PACs. Witness the ABA contribution to Mr. Rostenkowski. Members of the tax-writing House Ways and Means and Senate Finance Committees received a collective $1.4 million from banking and financial services PACs for the 1984 election, according to a survey by Common Cause, a watchdog group.

PACs were established as a means of limiting the influence of money in politics. No PAC can donate more than $10,000 to a candidate during an election, counting any primary.

Creative donors, however, can find their way around tight limits. Rosaura Ulvestad, listed in FEC reports as an Anaheim, Calif., "homemaker," curiously thinks so much of House Banking Committee chairman Fernand J. St Germain that she gave $1,000 to his reelection campaign. It's not so curious, really; Larry Ulvestad is chairman of the Anaheim Savings and Loan Association, which also chipped in $1,000.

House Banking Committee Members Facing Reelection

Top 10 Ranking Democrats Seeking Reelection

	1984	1985	1st Q 1986
Fernand J. St Germain, R.I.	$228,800	$88,550	$9,000
Henry Gonzalez, Texas	$24,758	0	$17,900
Frank Annunzio, Ill	$91,123	$39,682	$3,750
Walter Fauntroy, DC	$24,815	$16,020	Declines PACS now
Stephen Neal, N.C.	$178,406	$73,450	$14,500
Carroll Hubbard, Ken.	$164,950	$112,400	$48,050
John LaFalce, NY	$72,268	$27,013	$2,750
Mary Rose Oakar, Ohio	$118,289	$48,384	$16,700
Bruce Vento, Minn.	$113,071	$42,910	$2,049
Doug Barnard, Ga.	$113,875	$37,300	$22,250
Robert Garcia, NY	$123,672	$29,250	0
Charles Schumer, NY	$56,845	$3,050	0

Top Five Republicans Seeking Reelection

	1984	1985	1st Q 1986
Chalmers Wylie, Ohio	$120,503	$31,803	$30,400 (3/31/86)
Stewart McKinney, Conn.	$131,257	$91,685	$16,500 (3/31/86)
Jim Leach, Iowa	Declines PAC contributions		
Norman Shumway, Calif.	$140,451	$36,965	$11,000 (5/14/86)
Stan Parris, Va.	$269,063	$53,159	$64,309 (3/31/86)

(Funds collected for most recent election.)

Research by Patricia Beckman

Chairing the House Banking Committee has been lucrative to Mr. St Germain. According to a study commissioned by the *Providence Journal*, he was a below-average fund-raiser before assuming the committee chair. In his first term as banking chairman, he doubled his campaign chest, and he drew a like amount for the 1984 election. Yet, he waltzed to victory in each election, spending only a fraction of his funds.

Members elected before the 1974 campaign financing reform laws can pocket, or donate to the Treasury, any PAC money not spent when they retire from Congress.

As *Providence Journal* reporter John Mulligan notes, "St Germain's fund-raising is consistent with the common-sense political rule that if you have lots of money, you scare off would-be challengers."

At the American Bankers Association, PAC disbursement is "an art, not a science," says Mr. O'Toole. "The criteria for giving is a combination of what the member has done for the industry, and what their financial needs are in terms of reelection."

That boils down to giving the maximum $10,000 per candidate to every ABA-backed senator up for election, since each of the 100 members in the august body counts for nearly five representatives in the 435 member House.

With the balance of the $1 million that BankPac will disburse, the ABA looks first at the House Banking Committee, the tax-writing Ways and Means Committee, and the Agriculture Committee. The House Judiciary, Energy and Commerce and Rules Committees are also important.

Since there is not enough money for every desirable candidate, "it becomes a question of allocating scarce resources," Mr. O'Toole explains. ABA staffers draw up a detailed list of recommendations. This is studied, amended and eventually approved by the 15 bankers on the BankPac Committee.

Senior members of committees often receive generous donations, "but we make investments in young members," Mr. O'Toole says. "It's an investment in the future."

Lobbyists hold a schizophrenic view about the power of PACs. Many tell potential donors that their contributions are needed to elect members sympathetic to the industry's needs. Yet, when explaining what a PAC donation does, many lobbyists discount them as mere door openers.

"The principal reason for giving is to give your name visibility in eyes of staff or various congressman. It doesn't guarantee you their vote," says John Duffy, an attorney and PAC consultant with Pierson, Ball and Dowd, a Washington law firm.

"Our PAC donation is evidence of support for a candidate," says Gale Sellens, the president of the Denver Natonal Bank and the chairman of BankPAC. "In return for this, we hope to have the opportunity to sit down and talk to the member of Congress regarding our position."

Says Mr. Duffy, "The money is far too little to make it an effective tool. It is a way of indicating support. Many corporate PACs are door openers. They want as many Congress members' doors open as possible."

Former Rep. Barber Conable, now the president of the World Bank, believes that corporate PACs are "unsophisticated."

"They view contributions as access money. It is distressing that 56% of corporate PAC money in 1984 went to Democrats," he said in an interview last year before he was named to his current position.

Labor unions are not embarrassed to target funds to influence the makeup of Congress. However, Mr. Conable says, "Corporations feel pressure to be bipartisan. They rely too heavily on their Washington people who see PAC funds as a way to get into a member's office."

In fact, it is often said that PAC money actually stalls legislation. Because many members of the banking committees are undecided on certain issues, often they are plied with contributions from industries on all sides.

"Members love hearings because it raises the threat of a change and gets the PACs money churning," says one committee staffer.

What stalls banking legislation, says Mr. Sellens of the ABA, is "a matter of priorities." There are simply more important matters to consider.

Many public interest groups, such as the Ralph Nader-founded U.S. Public Interest Research Group, call for abolishment of PACs. The organization cites a 1984 Harris poll indicating that 70% of Americans feel that candidates for federal office should not take any PAC money.

Some members do not accept political contributions, such as Sen. William Proxmire of Wisconsin, the ranking Democrat on the Senate Banking Committee, and Rep. Jim Leach of Iowa, the third ranking Republican on the House Banking Committee.

Mr. Sellens, however, thinks that politics is an "organized game," and organized games cost money. To adopt public funding of presidential campaigns, as some consumer groups have urged, he says, simply would create an unwieldy "pot of money." ■

Donations by Financial PACs

		1985 to 1st 19686	1983-84
1)	American Bankers Association	$773,028	$1,146,354
2)	U.S. League of Savings Assoc.	$483,077	$467,875
3)	Bear Stearns & Co.	$409,699	$585,268
4)	Credit Union National Assoc.	$312,484	$319,067
6)	Citicorp	$259,785	$307,759
7)	Barnett Banks of Florida Inc.	$239,501	$230,612
8)	E.F. Hutton Group Inc.	$215,288	$246,242
9)	Beneficial Management	$188,906	$228,627
10)	Morgan Stanley & Co.	$183,893	$236,309
11)	First City Bancorp.	$182,649	$307,649
12)	Household Finance Corp.	$150,641	$165,284
13)	Independent Bankers of America Assoc.	$149,166	$143,705
14)	Merrill Lynch & Co.	$144,205	$282,297
15)	Investment Company Institute	$103,456	$113,212
16)	Assoc. of Bank Holding Companies	$83,082	non-existant
17)	Securities Industry Ass'n. Inc.	$60,890	$79,382
18)	National Council of Savings Instit.*	$55,162	$99,890
19)	National Consumer Finance Ass'n (American Financial Services Ass'n	$54,292	$106,054
20)	Avco Corp.	$49,774	$209,099

*The National Association of Mutual Savings Banks, whose figure for 1984 is cited, merged with the National Savings and Loan League three years ago to form the National Council of Savings Institutions.

Senate Banking Committee Members Facing Reelection

	1980 race	1985	1st Q 1986
Republicans			
Jake Garn, Utah	$285,909	$170,950	$14,000
Alfonse D'Amato, NY	$273,260	$20,950	$5,000
Slade Gorton, Wash.	$151,038	$414,669	$62,650
Matt Mattingly, Ga.	$116,419	$284,960	$87,975
Democrats			
Alan Cranston, Calif.	$418,316	$519,825	$162,311
Christopher Dodd, Conn.	$268,388	$358,202	$43,900
Alan Dixon, Ill.	$287,154	$368,637	$57,148

AN AMERICAN BANKER SPECIAL REPORT

Citibank Advises Most Mergers in '85, but Number for BofA Slips

Continued from Page 1

offer merger advice last year, though it planned to start such a service this year. Morgan Guaranty Trust Co., perceived as a commercial bank leader in the merger and acquisition field, declined to participate. Chemical Bank, whose officials have acknowledged a lack of success in the merger field, also bowed out of the survey.

Citibank's 30 merger and acquisition specialists captured the top spot by guiding corporations through 26 deals worth $1.5 billion last year, up markedly from 1984, when it handled 19 transactions worth $400 million.

Despite their growth, the banks' merger operations are dwarfed by every big Wall Street firm in the business. Goldman, Sachs & Co., for example, completed 145 merger deals last year, compared to Citibank's 26. Goldman Sachs' total includes 73 transactions, each worth more than $100 million; Citibank completed five such deals.

Several Newcomers Optimistic

"Within five years, we'll be among the top three or four M&A shops [in the nation]," said Kamal Mustafa, one of two managing directors running Citibank's merger unit. His optimism is echoed at a handful of other money centers that only last year became serious about selling merger advice.

Second-place Bankers Trust handled 17 merger and acquisition deals worth $1.3 billion in 1985, after completing 10 deals worth a mere $300 million the previous year.

"Until 1985, we had an apparent lack of expertise," said David E. Dougherty, who last February was named managing director in charge of the bank's merger and acquisition group, after running its public finance group for five years.

Bankers Trust earned about $6 million in advisory fees last year, and, according to Mr. Dougherty, his group is on its way to doubling its fee income this year.

The hefty prices paid for such guidance have made the merger and acquisition business highly attractive to the fee-starved commercial banks. Merger advisory fees generally are based on a sliding scale, with a $100 million merger deal commanding roughly a 1% fee, or $1 million; a $500 million deal often carries a 0.5% charge, or $2.5 million.

Currently, Bankers Trust is advising Petroleos de Venezuela SA, the state-owned oil company of Venezuela, in its proposed acquisition of a 50% interest in the Citgo Petroleum Corp. from the Southland Corp. for a reported $300 million. The deal, likely to carry a fee of well over $1 million, was announced by Petroleos de Venezuela in February and is set for completion in September.

Bankers Trust Co.'s relationship with the Venezuelan oil company exemplifies the expertise that large commercial banks are developing in international merger deals — a field where they believe that they can best challenge their Wall Street rivals.

About a third of Citibank's completed deals involved cross-border business combinations. The bank had a virtual stranglehold on the Brazilian market, handling at least three-quarters of that country's mergers and acquisitions last year. "We are the only game in town there," Mr. Mustafa said. For example, Citibank advised Du Pont Polidura, a Brazil-based paint subsidiary of the Du Pont Co., in its February merger with Tintas Renner, a Brazilian paint company.

The three top-ranked firms likely would have been different if Morgan Guaranty, an organization that rarely shows its hand to competitors, had chosen to take part in the survey. Last February, Morgan raised the status of its merger and acquisition business by separating the unit from the bank's massive corporate finance group.

Operating under the leadership of Roberto G. Mendoza Jr., an executive vice president with a solid reputation in the commercial banking side, Morgan's mergers and acquisitions unit reportedly has handled a few sizable advisory assignments so far this year, including representing Hiram Walker Resources Ltd. in the $1.9 billion "purported" sale of its liquor business to Allied Lyons PLC. Currently, Hiram Walker is attempting to withdraw from that deal in order to sell its unit to another suitor.

Hanover's Surprise Showing

With Morgan bowing out of the survey, Manufacturers Hanover, not widely known for its prowess in the merger and acquisition field, surprised some with its No. 3 ranking. The bank said it advised clients in 29 deals worth $1.05 billion last year. It did not disclose figures for 1984, when the bank began devoting greater resources to the business.

Of its 29 completed deals, Manufacturers' merger and acquisition advisory group, by itself, completed 15 deals — including three international transactions — worth about $250 million, said Douglas Ebert, the bank's executive vice president for investment banking. In the other 14, the merger unit acted as primary adviser, while other sections of the bank provided financing.

Manufacturers' merger unit, with 11 professionals, suffered a setback in May, when C. William Schroth, an executive vice president in charge of mergers and acquisitions and other merchant banking activities, resigned because of a planned reshuffling of his unit. Mr. Schroth begins work today at the First Boston Corp., a major Wall Street house that hired him to run the currency swaps and currency bond origination business.

In mid-June, the bank announced a reorganization of its entire investment banking sector, following a second resignation — this one by Garry R. Southern, who was senior vice president for asset sales. As part of the changes, Mark G. Solow assumed responsibility for all merger advisory operations and will continue to oversee the bank's leveraged buyout unit.

Of the banks that responded to the survey, only Bank of America reported a decline in its merger business last year. The four-year-old merger and acquisition unit advised clients in 18 deals worth $700 million, down more than 50% from the $1.5 billion worth of deals it handled in 1984. Bank of America, suffering financial difficulties in several other areas last year, finished the year No. 5 in the new merger and acquisition ranking.

"1985 was not a very good year," said Jonathan F. Murphy, before he resigned in June as head of mergers and acquisitions at Bank of America's New York office. His announced departure was part of a broad reorganization last month in the bank's corporate finance section, which placed Jamie B. Stewart, a former Crocker National Corp. executive, in charge of investment banking.

Mr. Stewart assumed control over several units headed by Paul Applegarth, who resigned as head of North American investment banking, and over the merger and acquisition operations that Mr. Murphy had headed. Although Mr. Murphy did not give a specific reason for his unit's decline last year, he pointed out that the group completed 14 more deals in 1984 than it did in 1985.

He estimated his unit would complete about 20 deals, valued at $1 billion, by the end of this year. With 16 merger and acquisition specialists in New York, San Francisco, and London, the bank assisted companies in four international deals last year and 12 the year before.

At Chase Manhattan Bank, the merger group assisted clients in nine deals worth $750 million last year, enabling it to finish slightly ahead of Bank of America, with a No. 4 ranking. In 1984, the bank was a financial adviser in seven deals worth $500 million.

Hoyt Ammidon Jr., the merger chief at Chase, said his unit has become far more selective since it officially entered the business in 1979, but he would not disclose the minimum fee that it would accept on a deal.

In just its third full year of business, the First National Bank of Chicago's merger unit guided corporate clients through 16 deals worth $640 million, including one that generated more than $1 million in fees. In 1984, the bank handled only nine transactions, with a total value of $300 million.

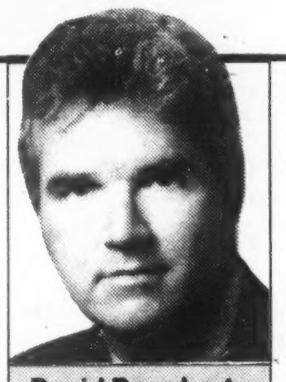
Andrew Robertson, the vice president who runs day-to-day operations of First Chicago's merger and acquisition group, portrayed his unit of 15 professionals as one that is expanding rapidly. In addition to hiring five merger specialists this year, he said his group was considering broadening its business to advise companies in launching hostile tender offers.

Mr. Robertson said the bank was relying on all segments of the banking company to generate new merger and acquisition business. Among its biggest 1985 deals: First Chicago represented the Goodyear Tire & Rubber Co. in its acquisition of Petrolane Inc., a Long Beach, Calif.-based automotive services operation.

Earlier this year, the firm advised Britt Airways, a Midwest commuter airline, when it was sold to People Express Inc. First Chicago would not disclose the value of those deals but said they were among the biggest handled by the bank last year.

Said Mr. Robertson, echoing the commercial banking industry's sentiment: "We don't intend to scare [the big investment banks] immediately. But we and other banks expect to be in this business for the long haul."

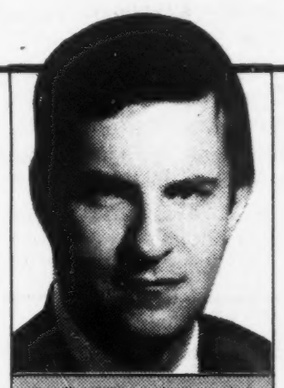
Tuesday's segment in this five part series will look at commercial banks as arrangers of interest rate swaps.



David Dougherty

'Until 1985, we had an apparent lack of expertise.' But by the end of this year the bank's M&A unit hopes to double its advisory fee income.

— David E. Dougherty, Bankers Trust



R.G. Mendoza Jr.

Roberto G. Mendoza Jr. runs Morgan Guaranty's mergers and acquisitions unit. Morgan did not participate in **American Banker**'s survey but is perceived as one of commercial banking's strengths in the business.

MBank . . .

Continued from Page 3

banks that are owned by out-of-state parents from soliciting deposits in Delaware.

"So MBank USA has no natural funding sources there," Ms. Barmat said.

If a purchased credit card debt turns sour and monthly payments become overdue, Manufacturers Hanover and the other syndicate members would be left with no recourse under the terms of the agreement with MCorp.

However, Ms. Barmat said, the purchasers of the loans included a "credit cushion" in the agreement that allows them to pay less than face value for their purchased receivables. She would not disclose the size of the discount.

Ms. Barmat said the transaction was modeled roughly after one that Manufacturers Hanover Agent Bank Services Corp. structured for Texaco in January — a deal in which a pool of banks continuously purchases the oil company's credit card receivables.

Ms. Barmat said the deal conceivably could be structured as a sale of securities if the syndicate members acted as middlemen between MBank and other investors seeking to buy credit card debt.

However, federal law prohibits commercial banks from underwriting registered securities, making it difficult, but not necessarily impossible, for a bank to act as a middleman in such a deal.■

Strategic Dates

Oct. 1, 1987

CREDIT CARD INTEREST: The interest rate ceiling for credit cards in Connecticut will automatically drop on this date unless the state's legislature votes to reset it. The ceiling is currently being held at 18%.